

Union Calendar No. 361

110TH CONGRESS
2D SESSION

H. R. 5715

[Report No. 110-583]

To ensure continued availability of access to the Federal student loan program
for students and families.

IN THE HOUSE OF REPRESENTATIVES

APRIL 8, 2008

Mr. GEORGE MILLER of California (for himself, Mr. McKEON, Mr. HINOJOSA, Mr. ALTMIRE, Ms. SHEA-PORTER, Mr. HARE, Mr. HOLT, Mr. COURTNEY, Mr. GRIJALVA, Mr. SARBANES, Mr. SCOTT of Virginia, Ms. WOOLSEY, Mr. BISHOP of New York, Ms. HIRONO, Mr. LOEBSACK, Mr. WU, and Mr. SESTAK) introduced the following bill; which was referred to the Committee on Education and Labor

APRIL 14, 2008

Additional sponsors: Mr. DAVIS of Illinois, Mr. DAVID DAVIS of Tennessee, Mr. KELLER of Florida, Mr. OLVER, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. THOMPSON of Mississippi, Mr. PAYNE, Mr. KENNEDY, Mr. ELLISON, Mr. LEWIS of Georgia, Mr. KILDEE, Mrs. MCCARTHY of New York, Ms. CLARKE, Ms. LINDA T. SÁNCHEZ of California, Mr. FORTUÑO, and Mr. KUCINICH

APRIL 14, 2008

Committed to the Committee of the Whole House on the State of the Union
and ordered to be printed

A BILL

To ensure continued availability of access to the Federal
student loan program for students and families.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This title may be cited as the “Ensuring Continued
 5 Access to Student Loans Act of 2008”.

6 **SEC. 2. INCREASING UNSUBSIDIZED STAFFORD LOAN LIM-**
 7 **ITS FOR UNDERGRADUATE AND GRADUATE**
 8 **STUDENTS.**

9 (a) AMENDMENTS.—Subsection (d) of section 428H
 10 of the Higher Education Act of 1965 (20 U.S.C. 1078–
 11 8(d)) is amended to read as follows:

12 “(d) LOAN LIMITS.—

13 “(1) IN GENERAL.—Except as provided in para-
 14 graphs (2), (3), and (4), the annual and aggregate
 15 limits for loans under this section shall be the same
 16 as those established under section 428(b)(1), less
 17 any amount received by such student pursuant to
 18 the subsidized loan program established under sec-
 19 tion 428.

20 “(2) LIMITS FOR GRADUATE AND PROFES-
 21 SIONAL STUDENTS.—

22 “(A) ANNUAL LIMITS.—The maximum an-
 23 nual amount of loans under this section a grad-
 24 uate or professional student may borrow in any
 25 academic year (as defined in section 481(a)(2))

1 or its equivalent shall be the amount deter-
2 mined under paragraph (1), plus—

3 “(i) in the case of such a student who
4 is a graduate or professional student at-
5 tending an eligible institution, \$14,000;
6 and

7 “(ii) in the case of a graduate student
8 enrolled in coursework specified in sections
9 484(b)(3)(B) and 484(b)(4)(B), \$7,000;

10 except in cases where the Secretary determines,
11 that a higher amount is warranted in order to
12 carry out the purpose of this part with respect
13 to students engaged in specialized training re-
14 quiring exceptionally high costs of education,
15 but the annual insurable limit per student shall
16 not be deemed to be exceeded by a line of credit
17 under which actual payments by the lender to
18 the borrower will not be made in any years in
19 excess of the annual limit.

20 “(B) AGGREGATE LIMIT.—The maximum
21 aggregate amount of loans under this section a
22 student described in subparagraph (A) may
23 borrow shall be the amount described in para-
24 graph (1), adjusted to reflect the increased an-

nual limits described in subparagraph (A), as prescribed by the Secretary by regulation.

“(3) LIMITS FOR UNDERGRADUATE DEPENDENT STUDENTS.—

“(A) ANNUAL LIMITS.—The maximum annual amount of loans under this section an undergraduate dependent student (except an undergraduate dependent student whose parents are unable to borrow under section 428B or the Federal Direct PLUS Loan Program) may borrow in any academic year (as defined in section 481(a)(2)) or its equivalent shall be the sum of the amount determined under paragraph (1), plus \$2,000.

“(B) AGGREGATE LIMITS.—The maximum aggregate amount of loans under this section a student described in subparagraph (A) may borrow shall be \$31,000.

“(4) LIMITS FOR UNDERGRADUATE INDEPENDENT STUDENTS.—

“(A) ANNUAL LIMITS.—The maximum annual amount of loans under this section an undergraduate independent student, or an undergraduate dependent student whose parents are unable to borrow under section 428B or the

1 Federal Direct PLUS Loan Program, may bor-
2 row in any academic year (as defined in section
3 481(a)(2)) or its equivalent shall be the sum of
4 the amount determined under paragraph (1),
5 plus—

6 “(i) in the case of such a student at-
7 tending an eligible institution who has not
8 completed such student’s first 2 years of
9 undergraduate study—

10 “(I) \$6,000, if such student is
11 enrolled in a program whose length is
12 at least one academic year in length;
13 or

14 “(II) if such student is enrolled
15 in a program of undergraduate edu-
16 cation which is less than one academic
17 year, the maximum annual loan
18 amount that such student may receive
19 may not exceed the amount that bears
20 the same ratio to the amount specified
21 in clause (i) as the length of such pro-
22 gram measured in semester, trimester,
23 quarter, or clock hours bears to one
24 academic year;

1 “(ii) in the case of such a student at
2 an eligible institution who has successfully
3 completed such first and second years but
4 has not successfully completed the remain-
5 der of a program of undergraduate edu-
6 cation—

7 “(I) \$7,000; or

8 “(II) if such student is enrolled
9 in a program of undergraduate edu-
10 cation, the remainder of which is less
11 than one academic year, the maximum
12 annual loan amount that such student
13 may receive may not exceed the
14 amount that bears the same ratio to
15 the amount specified in subclause (I)
16 as such remainder measured in semes-
17 ter, trimester, quarter, or clock hours
18 bears to one academic year; and

19 “(iii) in the case of such a student en-
20 rolled in coursework specified in sections
21 484(b)(3)(B) and 484(b)(4)(B), \$6,000 for
22 coursework necessary for enrollment in an
23 undergraduate degree or certificate pro-
24 gram.

1 “(B) AGGREGATE LIMITS.—The maximum
 2 aggregate amount of loans under this section a
 3 student described in subparagraph (A) may
 4 borrow shall be \$57,500.

5 “(5) CAPITALIZED INTEREST.—Interest capital-
 6 ized shall not be deemed to exceed a maximum ag-
 7 gregate amount determined under subparagraph (B)
 8 of paragraph (2), (3), or (4).”.

9 (b) EFFECTIVE DATE.—The amendments made by
 10 this section shall be effective for loans issued on or after
 11 July 1, 2008.

12 **SEC. 3. GRACE PERIOD FOR PARENT PLUS LOANS.**

13 (a) AMENDMENT.—Section 428B(d) (20 U.S.C.
 14 1078–2(d)) is amended by amending paragraphs (1) and
 15 (2) to read as follows:

16 “(1) COMMENCEMENT OF REPAYMENT.—Re-
 17 payment of principal on loans made under this sec-
 18 tion shall—

19 “(A) commence not later than—

20 “(i) 60 days after the date such loan
 21 is disbursed by the lender, except as pro-
 22 vided in clause (ii); and

23 “(ii) if agreed upon by a parent bor-
 24 rower, the day after 6 months after the
 25 date the student for whom the loan is bor-

rowed ceases to carry at least one-half the normal full-time academic workload (as determined by the institution); and

“(B) be subject to deferral during any period during which the graduate or professional student or the parent meets the conditions required for a deferral under section 427(a)(2)(C) or 428(b)(1)(M).

“(2) CAPITALIZATION OF INTEREST.—

“(A) IN GENERAL.—Interest on loans made under this section—

“(i) which accrues prior to the beginning of repayment under paragraph (1)(A)(i), shall be added to the principal amount of the loan; and

“(ii) which accrues prior to the beginning of repayment under paragraph (1)(A)(ii) or during a period in which payments of principal are deferred pursuant to paragraph (1)(B) shall, if agreed upon by the borrower and the lender—

“(I) be paid monthly or quarterly; or

1 “(II) be added to the principal
 2 amount of the loan not more fre-
 3 quently than quarterly by the lender.

4 “(B) INSURABLE LIMITS.—Capitalization
 5 of interest under this paragraph shall not be
 6 deemed to exceed the annual insurable limit on
 7 account of the borrower.”.

8 (b) CONFORMING AMENDMENT.—Section
 9 428(b)(7)(C) (20 U.S.C. 1078(b)(7)(C)) is amended by
 10 striking “, 428B,”.

11 (c) EFFECTIVE DATE.—The amendments made by
 12 this section shall be effective for loans issued on or after
 13 July 1, 2008.

14 **SEC. 4. SPECIAL RULES FOR PLUS LOANS.**

15 Section 428B(a)(3) is amended to read as follows:

16 “(3) SPECIAL RULES.—

17 “(A) PARENT BORROWERS.—Whenever
 18 necessary to carry out the provisions of this
 19 section, the terms ‘student’ and ‘borrower’ as
 20 used in this part shall include a parent bor-
 21 rower under this section.

22 “(B) EXTENUATING CIRCUMSTANCES.—
 23 For loans made on or after July 1, 2008, and
 24 before July 1, 2009, a lender may determine
 25 that a borrower meets the extenuating cir-

1 cumstances requirement described in regula-
2 tions promulgated by the Secretary to carry out
3 this section or section 455 if the borrower is
4 180 or fewer days delinquent on their home
5 mortgage payments.”.

6 **SEC. 5. LENDER-OF-LAST-RESORT.**

7 (a) IN GENERAL.—Section 428(j) of the Higher Edu-
8 cation Act of 1965 (20 U.S.C. 1078(j)) is amended—

9 (1) in the first sentence of paragraph (1), by
10 striking “students eligible to receive interest benefits
11 paid on their behalf under subsection (a) of this sec-
12 tion who are otherwise unable to obtain loans under
13 this part” and inserting “students and parents who
14 are otherwise unable to obtain loans under this part
15 (except for consolidation loans under section 428C)
16 or who attend an institution of higher education in
17 the State that is designated under paragraph (4)”;

18 (2) in paragraph (2)(B), by inserting “, in the
19 case of students and parents applying for loans
20 under this subsection because of an inability to oth-
21 erwise obtain loans under this part (except for con-
22 solidation loans under section 428C),” after “lender,
23 nor”;

24 (3) in paragraph (3)(C)—

1 (A) in the first sentence, by inserting “or
2 designates an institution of higher education for
3 participation in the program under this sub-
4 section under paragraph (4),” after “under this
5 part”; and

6 (B) in the third sentence, by inserting “or
7 to eligible borrowers who attend an institution
8 in the State that is designated under paragraph
9 (4)” after “problems”; and
10 (4) by adding at the end the following:

11 “(4) INSTITUTION-WIDE STUDENT QUALIFICA-
12 TION.—Upon the request of an institution of higher
13 education and pursuant to standards developed by
14 the Secretary, the guaranty agency designated for a
15 State shall designate such institution for participa-
16 tion in the lender-of-last-resort program under this
17 paragraph. If the guaranty agency designates an in-
18 stitution under this paragraph, such agency shall
19 make loans, in the same manner as such loans are
20 made under paragraph (1), to students and parent
21 borrowers of the designated institution, regardless of
22 whether the students or parent borrowers are other-
23 wise unable to obtain loans under this part (other
24 than a consolidation loan under section 428C).”.

1 (b) EFFECTIVE DATE.—The amendments made by
2 subsection (a) shall take effect on the date of enactment
3 of this Act.

4 **SEC. 6. MANDATORY ADVANCES.**

5 (a) IN GENERAL.—Section 421(b) of the Higher
6 Education Act of 1965 (20 U.S.C. 1071(b)) is amended—

7 (1) in paragraph (4), by striking “programs,
8 and” and inserting “programs,”;

9 (2) in paragraph (5), by striking “agencies.”
10 and inserting “agencies, and”; and

11 (3) by adding at the end the following:

12 “(6) there is authorized to be appropriated, and
13 there are appropriated, out of any money in the
14 Treasury not otherwise appropriated, such sums as
15 may be necessary for the purpose of carrying out
16 section 422(c)(7).”.

17 (b) EFFECTIVE DATE.—The amendments made by
18 subsection (a) shall take effect on the date of enactment
19 of this Act.

20 **SEC. 7. TEMPORARY AUTHORITY TO PURCHASE STUDENT**
21 **LOANS.**

22 (a) SPENDING AUTHORITY.—

23 (1) AUTHORITY GRANTED.—The first sentence
24 of section 451(a) of the Higher Education Act of
25 1965 (20 U.S.C. 1087a(a)) is amended—

1 (A) by inserting “(1)” after “as may be
2 necessary”; and

3 (B) by inserting before the period at the
4 end of such sentence the following: “; and (2)
5 for purchasing loans under section 459A”.

6 (2) CONFORMING AMENDMENT.—Section
7 451(a) of such Act (20 U.S.C. 1087a(a)) is further
8 amended by striking “Such loans shall” and insert-
9 ing “Loans made under this part shall”.

10 (b) TEMPORARY AUTHORITY.—Part D of title IV of
11 the Higher Education Act of 1965 (20 U.S.C. 1087a et
12 seq.) is amended by inserting after section 459 the fol-
13 lowing new section:

14 **“SEC. 459A. TEMPORARY AUTHORITY TO PURCHASE STU-**
15 **DENT LOANS.**

16 “(a) AUTHORITY TO PURCHASE.—Upon a deter-
17 mination by the Secretary that there is an inadequate
18 availability of loan capital to meet the demand for loans
19 under sections 428, 428B, and 428H, whether as a result
20 of inadequate liquidity for such loans or for other reasons,
21 the Secretary, in consultation with the Secretary of the
22 Treasury, is authorized to purchase from any eligible lend-
23 er, as defined by section 435(d)(1), loans originated under
24 sections 428, 428B, or 428H on or after October 1, 2003,
25 on such terms as the Secretary determines (after consulta-

tion with the Secretary of the Treasury) are in the best interest of the United States, except that any loan purchase under this section shall not result in any cost to the Federal Government. The Secretary shall promptly publish any determination under this subsection in the Federal Register.

“(b) PROCEEDS.—The Secretary shall require, as a condition of any purchase under subsection (a), that the funds paid by the Secretary to any eligible lender under this section shall be used in a manner consistent with ensuring continued participation of such lender in the Federal student loan programs authorized under part B of this title.

“(c) EXPIRATION OF AUTHORITY.—The Secretary’s authority to purchase loans under this section shall expire on July 1, 2009.”.

(c) CONTRACTING AUTHORITY.—Section 456(b) of the Higher Education Act of 1965 (20 U.S.C. 1087f(b)) is amended by inserting “or purchased” after “loans made” each place it appears in paragraphs (2) and (3).

SEC. 8. SENSE OF CONGRESS.

It is a sense of Congress that, at a time when our economy is fragile and higher education and retraining opportunities are more important than ever—

1 (1) the Federal financial institutions, such as
2 the Federal Financing Bank and Federal Reserve,
3 and federally chartered private entities such as the
4 Federal Home Loan Banks and others, should con-
5 sider, in consultation with the Secretary of Treasury
6 and the Secretary of Education, using available au-
7 thorities in a timely manner, if needed, to assist in
8 ensuring that students and families can access Fed-
9 eral student loans for academic year 2008–2009,
10 and if needed in the subsequent academic year, in a
11 manner that results in no increased costs to tax-
12 payers; and

13 (2) any action taken as a result of such consid-
14 eration should in no way limit or delay the Secretary
15 of Education’s authority to operate the lender-of-
16 last-resort provisions of section 428(j) of the Higher
17 Education Act of 1965 (as amended by this Act),
18 nor the authority to purchase Federal Family Edu-
19 cation Loan Program loans, as authorized by section
20 459A of such Act (as added by this Act).

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